Framework Agreement
between the
Prespa Ohrid Nature Trust (PONT)
and
the Ministry of Environment
of the Republic of Albania

This Framework Agreement (the “Agreement”) is between the Republic of Albania, represented by the Ministry of Environment (the “Ministry”) and the Prespa Ohrid Nature Trust (“PONT”), a foundation (Stiftung) established under the laws of Hessen, Germany.

WHEREAS, the primary purpose of PONT is to “provide long term financing for the conservation and sustainable management of biological diversity, natural processes and ecosystem services in Prespa and its wider area for the benefit of nature and people in the region” and thus to provide grants to support Covered Costs of Protected Areas (“PA”) and other Environmental Actors (“EA”) in the Wider Prespa Area in Albania, the FYR of Macedonia and Greece, which are the core countries (“core-countries”) of the Prespa-Ohrid ecoregion. The geographic scope of PONT in the core countries can be extended, initially to the entire Ohrid-Prespa Transboundary Biosphere Reserve ecoregion, based on approval by the Supervisory Board (the “Supervisory Board”) of PONT and in line with PONT’s mission and the management plan of the Transboundary Biosphere Reserve ecoregion;

WHEREAS, “PONT” may also make grants to fund certain costs to develop the grant activities and monitoring requirements according to the existing management plans for PAs and/or to develop new management plans for PAs including the Ohrid-Prespa Transboundary Biosphere Reserve and the Transboundary Prespa Park;

WHEREAS, PONT may also make grants to other Environmental Actors such as civil society organisations, academic and other institutions working directly to support the above mission in the region in/and outside of PAs; and

WHEREAS, the parties wish to enter into this Agreement to establish the basis on which PONT can fulfil its purpose in Albania.
NOW, THEREFORE it is hereby agreed as follows.

§ 1. Certain Defined Terms.
Certain of the terms used in this Agreement and not defined in the body hereof, have the meanings set forth in Annex A.

§ 2. Grants to Support Covered Costs of PAs.
Grants to support covered costs of PAs in Albania (initially limited to Prespa National Park Albania and the Albanian Man and Biosphere committee of the Ohrid-Prespa Transboundary Biosphere Reserve and the Transboundary Prespa Park committee), shall be made pursuant to Grant Agreements approved and signed by the Ministry and the Executive Director of the PONT (the "Executive Director") or persons acting with appropriate authority on their behalf. Grant proposal should be submitted in proper form by PA administration in accordance with Section 2.2 below.

This Agreement shall not obligate PONT to make, nor the Ministry to apply for, any grant. Obligations of PONT to make grants and of the Ministry in relation to grants shall arise only pursuant to grant agreements ("Grant Agreements").

2.1. Grant Duration; Co-Funding Requirements. Grants to fund Covered Costs may finance a portion of a PAs Covered Costs for a period of up to a maximum of three years or such longer period as may be decided by PONT and notified to the Ministry.

Grants to fund Covered Costs of PAs are subject to the following co-funding requirements being satisfied. The Ministry must (either directly or through non-PONT sources):

(i) Fund an amount of covered costs at least equal to the amount proposed to be funded by PONT,

(ii) For PAs that have operated as protected areas for at least one full year prior to the year for which a PONT grant is being requested ("Existing Protected Areas"), maintain (on an inflation adjusted basis) the total annual funding from the Ministry of the PAs Covered Costs that constitute operation costs at or above the highest of the funding levels of the current year and the previous years, and

(iii) Fund in their entirety the costs specified in the budget for the PA other than Covered Costs.

The Supervisory Board may waive these co-funding requirements in specific circumstances and as decided by the Supervisory Board.
2.2. Grant Proposals.

(i) Basic Proposal Requirements. The proposal for any grants ("Grant Proposal") covering a portion of the Covered Costs of a PA must include:

(a) An Operational or work plan (the "Operational Plan") in reasonable detail for the first year in which the grant is to be made (the "Base Year");

(b) A budget for the Base Year and the two following years (the "Budget") showing budgeting revenues and expenditures of the PA (and proposing levels of funding of the Ministry (and/or other funding sources) and PONT consistent with the principles of Section 2.1 above);

(c) A Management Plan; and

(d) An activity, result-based and financial monitoring schedule to indicate the degree of achievement of the proposed measures in the grant proposal

All elements of the proposal must be deemed satisfactory by PONT. The Supervisory Board may waive the requirement for a Management Plan, but only for the initial grant to a PA. Any grant agreed without a satisfactory Management Plan will contain the agreement of the PA’s administration and the Ministry to prepare a Management Plan for submission with a renewal grant.

(ii) Operational Plan, Budget, Management Plan and Monitoring standards. In determining whether the Operational Plan, Budget, Management Plan and Monitoring requirements are satisfactory for purposes of supporting a grant pursuant to this Agreement, the Supervisory Board will use benchmarking standards that it will issue from time to time. The initial standards that the Supervisory Board has set for evaluating Operational Plans, Budgets, Management Plans and Monitoring requirements are set forth in Annexes B, C, D and E hereto, respectively, and are subject to change by PONT at any time. PONT will promptly make available any revised forms to the Ministry (including by publication on its website or other appropriate notification to the Ministry).

(iii) Form and Timing. In order to be considered by PONT for possible funding, a Grant Proposal to fund Covered Costs of a PA must be submitted by the Ministry and the administration of the PA concerned in the format for that purpose issued by PONT from time to time. The Grant Proposal should be submitted no less than three months prior to the date by which the Ministry seeks to have the grant approved by PONT.

PONT reserves the right to review and approve the levels of funding in a Budget and all other elements of the Budget, Operational Plan, Management Plan, Monitoring Plan and Grant Proposal.
2.3. Grant Agreements. Grant Agreements to fund PA Covered Costs shall include, *inter alia*, provisions covering reports to PONT, disbursement timing, disbursement conditions, payment mechanisms, access, cooperation and other matters as shall be agreed. In connection with the initial grant, PONT and the Ministry shall seek to agree on a form of Grant Agreement that can serve as a model for subsequent agreements. PONT and the Ministry expect the provisions of the initial Grant Agreement to be based on the provisions outlined in Annex F.

2.4. Grants for Environmental Actors. PONT values the additional contributions to biodiversity conservation and sustainable management and use of natural resources by so-called Environmental Actors such as legally established NGO's, municipalities, academic and/or scientific institutions with a non-profit focus and not being for private persons. Local inhabitants of the PAs and its wider landscape, or associations thereof, are part of the target group of PONT. They can be beneficiaries of PONT grants provided to PAs and EAs and their inclusion should be part of the grant proposals. The Environmental Actors can also be part of the grant proposal submitted by one of the PAs and in this case the Environmental Actor functions as a service provider. Environmental Actors can also become grantees and apply for grant funding from PONT based on special grant criteria and conditions that will apply to this grant program but following the same principles as the PA grant program (submission of a budget; operational plan; strategic plan; monitoring plan; and reporting and auditing). For this grant program the strategy is to support and strengthen locally based Environmental Actors or Environmental Actors with an antenna office in the Focus Area and/or with a main purpose to strengthen local based organisations (e.g. associations on agriculture, fishery, tourism, medicinal plants, etc.). The initial support will be for pilot activities/projects for a maximum duration of 1-2 years (at least 25% matching funds). Subsequent project funding or program funding for these Environmental Actors will only be done if at least 50% matching funds can be organised and based on a strategic and operational plan of the Environmental Actor in line with the goal and objectives of PONT.

2.5 Grant proposal process. The themes of the proposed grants will be discussed with the appointed representatives of the Ministry of Environment, relevant local and regional authorities and circulated to relevant donors in the PONT Focus area to strengthen coordination, seek possible future co-funding, avoid duplication and to get their inputs to improve upon the proposed grants before submission to the PONT Supervisory Board. Final approval of grants will be made by the PONT Supervisory Board.

2.6 Additional Requirements. The grant recipient shall at all times carry out its business and operations in compliance with all applicable national environmental, occupational health & safety and social laws, regulations and standards. The grant recipient shall comply with the Core Labour Standards of the International Labour Organization as set out in the ILO Declaration on Fundamental Principles and Rights at Work from 1998 and the Basic Terms and Conditions of Employment. Certain proposed measures will be excluded from financing (annex G). PONT doesn’t do business with or have relationships with persons, organizations or entities which are listed on a sanctions list issued by the United Nations Security Council, the European Union or the
Federal Republic of Germany ("Sanctions Lists"). PAs or Environmental Actors eligible for PONT co-funding are required to adhere to these additional requirements and will be monitored upon its proper implementation.

§ 3. Grants to Support Management Plan Development Costs

3.1. Management Plan Development Costs. It is anticipated that some PAs will not have the means or capacity to prepare detailed activity plans and monitoring plans based on existing Management Plans or to prepare Management Plans that fulfil PONT's standards as initially reflected in Annex D, and that consultants may need to be engaged to assist with the plan preparation. The fees and expenses of external consultants hired by the Ministry or the PA to assist in the preparation of a Management Plan or any portion thereof (including translation costs of the plans into English) are herein referred to as "Plan Development Costs".

PONT can fund up to 75% of Activity and Monitoring Plan Development Costs based on an existing Management Plan and up to 50% of Plan Development Costs for a new Management Plan intended to be submitted in support of a Grant Proposal to finance Covered Costs of a PA. The Ministry must fund, or cause a third party to fund, the balance of the costs.

PONT grants to fund Plan Development Costs of a new Management Plan shall be made pursuant to a Management Plan Development Costs Grant Agreement (as defined in Section 3.3 below) approved and signed by the Executive Director and the Minister following approval by PONT of the related proposal described in Section 3.2.

3.2. Management Plan Development Cost, Grant Proposals. In order to be considered by PONT for possible funding, a proposal for a grant to fund Plan Development Costs (an "MP Development Costs Grant Proposal") must meet the following requirements:

(i) It must be submitted by the Ministry and the PA concerned in substantially the form of the MP Development Costs Grant Proposal format issued by PONT from time to time;

(ii) The Consultant shall be chosen from a list of consultants approved in advance by the Ministry and PONT, and a terms of reference in an agreed form shall have been provided to the consultant; and

(iii) The terms of reference shall have been sent to at least three possible service providers from the agreed list, and the respective offers shall be included along with the MP Development Cost Grant Proposal.

3.3. MP Development Cost Grant Agreements. The grant agreements for Management Plan Development Cost ("MP Development Cost Grant Agreements") will be in form and substance satisfactory to PONT and will specify, *inter alia,*
(i) The overall agreed budget and the percentage of the Plan Development Costs to be borne by the Ministry (and/or by other non-PONT sources) and PONT (with non-PONT sources providing at least 50%); and

(ii) the service provider to be engaged.

§ 4. Allocation of Limited Resources

When considering the allocation of financial resources the PONT Supervisory Board will refer to the grant allocation criteria specified in its By-laws as more fully set forth in Annex H. PONT will notify the Ministry from time to time of any other matters it deems relevant or any changes to these criteria.

§ 5. Government Prioritization of PONT Mission

The Ministry acknowledges the importance of the mission of PONT in Albania and the contribution it will make to nature conservation and sustainable development for the benefit of Albania and its people in perpetuity. The Ministry agrees that in its relations with private donors and partners as well as with bi-lateral governmental and multi-lateral donors and partners, the Government will seek to prioritize support from such donors and partners for PONT in order to facilitate PONT efforts to secure new funding from such donors.

§ 6. Miscellaneous

6.1. Jurisdiction; Language. This Agreement and the Grant Agreements to be entered into pursuant hereto shall be governed by German law, without regard to conflicts of laws. They shall be entered into the English and Albanian languages. In the case of discrepancies between the English and the Albanian version, the English version shall prevail. The state court (Landgericht) in Frankfurt am Main will have exclusive jurisdiction over all disputes arising under this Agreement.
6.2. Notices. All notices and communications hereunder shall be in written form and sent to PONT at:

- Prespa Ohrid Nature Trust
- c/o Nature Trust Alliance
- Mainzer Landstr. 41, 60329 Frankfurt am Main
- Germany
- Attention: Executive Director
- (Registered seat is in Offenbach am Main)

And to the Ministry at:

- Ministry of Environment, Republic of Albania
- Boulevard Zhan D'ark, No. 23,
- Tirana,
- Albania
- Attention: Chief of Cabinet

6.3. Partial Invalidity; Severability Clause. If one or more provisions of this Agreement shall be or become invalid, the validity of the other provisions of this Agreement shall not be affected. In such case, the invalid provision shall be deemed to have been replaced by such valid provision or provisions that reflect as closely as possible the intention of the parties as regards the invalid provision.

6.4. Amendments. Any amendments to this Agreement (including amendments to this clause) shall be valid only if made in writing, unless applicable law requires otherwise.

6.5. Entire Agreement. This Agreement comprises the entire agreement between the parties concerning its subject matter and shall supersede all prior agreements, oral and written declarations of intent and other legal arrangements (whether binding or non-binding) made by the parties in respect thereof.

6.6. Force Majeure. If either party is rendered unable, wholly or in part, by force majeure, to perform its obligations under this Agreement, the performance of such obligations by such party, so far as they are affected by force majeure, shall be excused from the inception of any such inability until it is corrected, but for no longer period.
The party claiming an inability to perform shall immediately after the occurrence of the force majeure, notify the other party verbally of the nature, date of inception, and expected duration of the force majeure, and the extent to which it will prevent the party giving such notice from performing its obligations under this Agreement. The party giving notice shall confirm such notification in writing as soon as practicable. The party claiming inability to perform shall promptly correct such inability to the extent it may be corrected through the exercise of reasonable diligence.

The term "force majeure" shall mean any act, event, cause, or occurrence rendering a party unable to perform its obligations, which are not within the reasonable control of such party, excluding any act, event, cause, or occurrence caused by a party's own financial condition or negligence.

6.7. Entry into Force. This Agreement shall enter into force upon its signing by the parties.

IN WITNESS WHEREOF, the parties have hereunto signed their names.

Prespa Ohrid Nature Trust Ministry of Environment of the Republic of Albania

Dr. Maria (Mirjam) de Koning
Executive Director

Mr. Alij Bilako
Secretary General
"Covered Costs" means the recurrent costs of activities within PAs to ensure that natural habitats remain intact and wildlife populations remains stable, and to ensure that the purposes of a particular PA category are fulfilled. By way of example, Covered Costs include:

- Staff salaries and training costs
- Fuel costs for patrolling and monitoring on a regular basis
- Purchase and replacement of necessary equipment and supplies (e.g. furniture, binoculars, computers, desks, small tourism/ranger infrastructure not exceeding EUR 20,000 per item), and including vehicles for patrolling and monitoring
- Office running costs
- The costs of maintaining existing infrastructure and equipment
- Consultant services at the PA level (research, biodiversity-monitoring, etc.)
- Research relating to PA management activities
- Costs for participatory and consultation processes
- Costs for public information dissemination and awareness-raising

By way of example, Covered Costs do not include: acquisition of or leasehold interests in land; construction of new facilities or complete restoration of old facilities. Facility leases are Covered Costs.

Covered Costs must also be appropriate to the type of protected area: for example, the cost of maintaining visitor infrastructure is a Covered Cost for a national park but not for a strict nature reserve.

"PA", or Protected Area, for Albania means those protected areas that include designated use and buffer zones used by local inhabitants and other stakeholders:

- That are part of the Wider Prespa Area i.e. the Focus Area of PONT, which may be amended upon approval by the Supervisory Board and may include the entire Ohrid-Prespa Transboundary Biosphere Reserve ecoregion. Wider Prespa Area entails the Prespa National Park in Albania, Prespa National Park in Greece, the Ezerani Nature Park (Ezerani Nature Park, is the umbrella for three separate administrative units, i.e the Ezerani PA, the Prespa Lake Monument and the Lake Monitoring Station) in the FYR of Macedonia and the neighbouring National Parks (NPs) Pelister and Galicica in FYR of Macedonia, as well as the functioning administrative structure of the transboundary Prespa Park and Prespa Ohrid Transboundary Biosphere Reserve (TBR);
- The activities within which are integrated into the overall land use patterns of the Protected Area;
- That are legally protected in perpetuity primarily for the purpose of conserving biodiversity (whether as a national park, nature reserve, sanctuary, nature monument, transboundary biosphere reserve, transboundary park); and
- That the PONT Supervisory Board believes are priority protected areas by PONT based on biological priorities established in the three Core Countries.
Covered Costs for the Environmental Actor grant program also include costs for activities in the wider landscape (in/outside of Protected Areas) and may cover costs for activities in line with the ‘Man and the Biosphere’ (MAB) program of UNESCO. Biosphere reserves are broad-scale natural and cultural landscapes offering viable examples of the compatibility of nature conservation, promotion of cultural diversity and local economic development. Biosphere reserves have three functions:

1. Conservation – to contribute to the conservation of landscapes, ecosystems, species and genetic variation.
2. Development – to foster economic and human development which is socio-culturally and ecological sustainable (e.g. activities related to sustainable agriculture for protection and sustainable use of agro-genetic resources of flora and fauna; activities for the promotion of local traditions and tourism; activities related to the protection of aquatic biota and sustainable fishery).
3. Logistic – to provide support for research, monitoring, education and information exchange related to local, national and global issues of conservation and development.
Initial Standard for Operational Plans

1. Content requirements for the operational plan or equivalent document(s)

1.1. Scope and content of the operational plan

The operational plan or equivalent document(s) sets out:

- The activities which the PA administration plans to carry out in the year covered by the plan in relation to key management tasks such as: participation; patrolling; biodiversity; monitoring; land management; mapping; tourist and recreation; public awareness; community outreach and similar programs: physical and operational plant; equipment and premises; human resources; financial administration; functional organization; and
- The physical resources which will be employed to carry out the scheduled activities.

1.2. Logical relationship of the operational plan to the management plan

If there is an effective management plan for the PAs, the activities specified in 1.1 must be in implementation of the management plan, and there must be a clear logical relationship between the activities scheduled in the operational plan or equivalent document(s) and the objectives and strategic actions (management actions) in the management plan.
Initial Requirements for Budgets

1. Base Year/Budget Year (Budget Year is defined in Annex F)
The revenue budget must distinguish between government budget funding and PONT and other revenue sources.

The expenditure budget must distinguish between capital expenditures and operating costs, and provide a reasonable level of detail on salary and other operating costs (fuel, maintenance, utilities, training and education programs, etc.). As to capital expenditures, it should show those which qualify as Covered Costs and those which do not qualify as Covered Costs.

If the Base Year budget is for an Existing Protected Area, and for all Budget Years, the budget should include an explanation of key variances compared to the current year budget.

If the budget foresees earmarking of PONT funds to specific Covered Costs items, the budget must show the portion (if any) of such items covered by non-PONT funds, and the portion covered by PONT funding.

For all Budget Years, and for the Base Year in any renewal grant, the expenditure budget should also include as a Covered Costs an appropriate provision to be agreed with PONT for:

(i) An audit by an independent auditor appointed by PONT; and
(ii) A technical review by independent experts appointed by PONT (to be completed and delivered to PONT no later than May 31 of such year). The scope of the review shall be determined by PONT, and may cover the effectiveness of management, the achievement of the Management Plan and Operational Plan conservation, operational and other goals, and the overall implementation of the Operational plan of the Management Plan.

The costs of such audit and technical review may be earmarked as a cost to be fully covered by PONT funds. Notwithstanding the foregoing, PONT can, in its discretion, waive the requirements to budget for and carry out an annual technical review, that such a review shall in all events be budgeted and carried out at least once in every three year grant cycle.

2. Subsequent Years
As to revenues, the estimated budget must show projected PONT, government and other revenues. Projected government funding of Covered Costs that are operating must be at least equivalent, on an inflation adjusted basis, to that provided for in the Base Year.

As to expenditures, the estimated budget should distinguish between operating and capital expenses but need not provide a detailed breakdown of expenses. It should however, estimate all Covered Costs, including Covered Costs that are part of the capital budget.

It should also account on an estimated basis for foreseeable increases or decreases in expenditures (if any) resulting from items such as (x) estimated inflation and (y) developments at the PA contemplated in the management plan (such as completion of new facilities and related staff or maintenance cost increases). Such estimated budget should contain an explanation of the inflation assumption and any other key variances compared to the Base Year or the prior year.
Initial requirements for Management and Operational Plans (or equivalent documents) for the purpose of PONT Grants

1. Management planning process requirements

1.1 Participation

1.1.1 The management plan’s Vision, Objectives and Strategic Actions (management actions) were developed in a participatory process, which engaged local communities and other people who use the natural resources of the PA and its support zone (where applicable).

1.1.2 The Vision, Objectives and Strategic Actions (management actions) were adopted, as far as was reasonably practical, by consensus among those who participated in their development.

1.2 Consultation

1.2.1 Adequate opportunity was given to all those in the country with an interest in the management of the PA area, to comment on a draft of the management plan before the management plan was formally approved. Adequate opportunity means that the responsible body made a reasonable attempt to make people aware that the draft management plan was available and to encourage people to comment, and that a reasonable amount of time was given to people to submit their comments.

1.2.2 During finalization of the management plan and before formal approval, due consideration was given to all written comments on the draft management plan.
2 Management plan content requirements

2.1 Currency

The management plan continues to be current and sufficient to guide PA management in all material respects.

2.2 Territorial scope

If the PA has a support zone (buffer zone), the management plan addresses, within the limits of the PA administration’s powers and responsibilities, management of the support zone as well as management of the PA.

2.3 Description

The management plan includes an account of the features of the area (biodiversity, cultural, historical and socioeconomic) and the regional and international importance of the values which it will protect, how it is used, and its legal and management framework. As a minimum the description includes the information listed in Annex 2.9 below.

2.4 Vision

The management plan includes a Vision which describes the desired state or condition of the PA (and its support zone if there is one) between 20 and 50 years into the future. The vision is detailed enough to provide a sound basis for developing objectives and strategic actions and concise enough that it can be easily grasped and understood by everyone who has an interest in the future of the PA.

2.5 Zoning plan

2.5.1 If national law so requires, and in the case of any national park or other protected area designation equivalent to IUCN category II or below, the management plan includes a zoning plan.

2.5.2 The zoning plan establishes as a minimum such zones as are required by national law and includes a strict protection zone in which human activity is limited to scientific research.

2.5.3 The zoning plan identifies those parts of the PA in which traditional use of the PA’s resources will continue to be allowed subject to certain policies implemented through strategic actions (management actions) described in the zoning plan or elsewhere in the management plan.

2.5.4 The selection of zones and their boundaries ensures to the extent practical the protection of the area’s ecological integrity while allowing for compatible human activities.

2.5.5 If the management plan is not the first for the PA which is the subject of the grant application, the plan includes a summary evaluation of the effectiveness of the zoning
plan contained in the previous management plan and demonstrates that due consideration has been given to the results of that evaluation.

2.6 Objectives and Strategic Actions

2.6.1 The management plan sets out the objectives which the PA administration will aim at during the life of the plan and the strategic actions (management actions) by which the administration plans to achieve those objectives.

2.6.2 The objectives should address the following as a minimum:
   a) development of the administration
   b) conservation of biodiversity in the PA
   c) development of sustainable livelihoods in the support zone (where applicable)
   d) visitor management (where applicable)

2.6.3 The objectives and strategic actions (management actions) are based on a description of the system of causes and effects that determine the future state of the PA. The description of the system of causes and effects makes best possible use of the information available to the planning team at the time the management plan was prepared, including the knowledge of local people.

2.6.4 If the management plan is not the first for the PA which is the subject of the grant application, it includes a summary evaluation of the objectives and strategic actions contained in the previous management plan and demonstrates that due consideration has been given to the results of that evaluation.

2.7 Monitoring plan

2.7.1 The management plan includes a monitoring plan which:
   a) lists and explains the rationale for selecting the indicators which will be used as the basis for determining success or failure in achieving the objectives of the management plan and the reasons for failure;
   b) describes the sources of information which will be used for monitoring;
   c) defines responsibilities for collecting and collating information.

2.8 Review cycle

2.8.1 The management plan states the period of validity of the plan (normally 10 years for National Parks), the date by when it should be reviewed and revised and the body responsible for arranging for review and revision.

2.9 Information to be included in the management plan description

The management plan should include all elements required by Albanian law. To the extent not included in the requirements of Albanian law, the management plan shall also contain the following information.
Corporate information
   a) Location
   b) Area
   c) IUCN PA category
   d) Legal status
   e) Institutional structure
   f) Administrative structure

Physical-geographic Information (as Annex or separate document)
   a) Climate
   b) Hydrology
   c) Geology

Biological information (as Annex or separate document)
   a) Landscape and habitats
   b) Flora
   c) Fauna

Social and cultural Information
   a) Settlement and population
   b) Current land use (traditional use, grazing)
   c) Legal ownership, occupancy, tenure, access, other conditions and restrictions
   d) Economical activities

Historical overview (as Annex or separate document)
   a) Archaeology
   b) Historical sites
Annex E

Initial activity, result-based and financial monitoring requirements for PAs and EAs

Activity-based monitoring PAs and EAs

In addition to the submitted Operational and Monitoring Plan, as part of the Grant Proposal, an additional column will be added for activity-based monitoring purposes. In each report submitted in relation to the grant an so-called traffic light indication will be given if an activity is on track or not by using the following symbols in the additional column:

- ☐ = Activity not yet started
- ☐ = Activity started but with delays
- ☑ = Activity ongoing and on track
- ☑ = Activity finalised

In case of deviations from the Operational Plan an explanation should be given why a certain activity is not implemented as planned and what measures are proposed to resolve this issue to be implemented by who and until when. For finalised activities an indication should be given on the final numbers or results e.g. # of people trained; # of biodiversity monitoring reports; # of patrols in line with the submitted Monitoring Plan and where possible evidence-based. Activity-based monitoring is a tool for the management of the PA and EA to manage and report on their grant and to improve on their planning for subsequent years. Staff of PONT and the independent auditors appointed by PONT will verify the activity-based monitoring results for review purposes as well.

Result-based monitoring requirements for PAs

In the Base Year of the grant a so-called Management Effectiveness self-assessment of the management of the PA will be made (baseline) using the questionnaire and methodology Management Effectiveness Tracking Tool II developed by the WWF and World Bank. The questionnaire should be answered in a session with people representing the strategic management of the PA (e.g. steering and advisory committee), operational management (park director and some staff) of the PA, and some neighbouring community members. An attendance register of participants should be submitted to PONT. Management areas that score low should be reviewed by this group of people and, if feasible, proposals for improvement of these management areas should be included in the Operational Plan for continuous improvement of the management of the PA. The management effectiveness self-assessment will be repeated by a similar group of people on an annual basis and, if and where possible, sufficient evidence for management score improvements will be provided. Again an attendance register of participants should be submitted to PONT. Proposals for improvement on management areas that score low should again be included in the Operational Plans for subsequent years. Result-based monitoring is a tool for the management of the PA to manage and report on their grant and to improve on
their planning for subsequent years and for continuous learning and improvement. Staff of PONT and the independent auditors appointed by PONT will verify the result-based monitoring results for review purposes as well.

**Note:** It should be noted that due to various circumstances the absolute scores of management effectiveness can be different among the various PA and therefore should not be compared between PAs. The purpose of the tool is to monitor changes in the management effectiveness score of a certain PA over time.

**Result-based monitoring requirements for EAs**

In the Base Year of the grant a so-called organisational capacity self-assessment of the management of the EA will be made (baseline) using the questionnaire and methodology of the Civil Society Organisational Capacity Tracking Tool developed by the Critical Ecosystem Partnership Fund (CEPF MED-RIT) - Small Grants Mechanism. The questionnaire should be answered in a session with people representing the strategic management of the EA (e.g. steering and advisory committee), operational management (director and some staff) of the EA, and some beneficiaries of the EA. An attendance register should be provided to PONT. Organisational capacity areas that score low should be reviewed by this group of people and, if feasible, proposals for improvement of these management areas should be included in the Operational Plan for continuous improvement of the organisational capacity of the EA. The organisational capacity self-assessment will be repeated by a similar group of people on an annual basis and, if and where possible, sufficient evidence for organisational capacity score improvements will be provided. Again an attendance register shall be provided to PONT. Proposals for improvement on management areas that score low should again be included in the Operational Plans for subsequent years. Result-based monitoring is a tool for the management of the EA to manage and report on their grant and to improve on their planning for subsequent years and for organisational learning and improvement. Staff of PONT and the independent auditors appointed by PONT will verify and crosscheck the result-based monitoring results for review purposes as well.

**Financial monitoring requirements for PAs and EAs**

For reporting purposes to its donors, PONT needs financial overviews in a certain format. In case the existing financial accounting mechanisms of the PAs and EAs don’t provide sufficient information, PONT is allowed to request for additional financial data to be provided by the grantees. These additional requirements, if needed, will be stipulated in the Grant Agreements. Staff of PONT and the independent auditors appointed by PONT will verify and crosscheck the financial monitoring results for review purposes as well.
Provisions Expected in Grant Agreements

1. **Reporting.** In relation to PA Operations, there shall be provided to PONT operational plans, budgets and written reports as outlined below. Operational plans for PA and PA Budget are subject to approval in the manner stipulated under the Albanian legislation, provided that drafts of those have been discussed and agreed in writing with PONT. Written reports shall be certified to PONT by the PA director, in the case of the reports in relation to the Operational Plan, and by the Deputy Minister and the PA director, in case of the statements in relation to Budgets:

(i) By a date to be agreed prior to the end of each year beginning with the Base Year:

   (a) A new Operational Plan and Budget for the coming year (the “Budget Year”), meeting the requirements of Section 2.2 of the Framework Agreement and in the form contained in the original Operational plan and Budget for the Base Year (except that the Budget need only cover the Budget Year and the year following the Budget Year); and,

   (b) For the Budget, an explanation of any significant variances in a year for which a Budget is presented in comparison to the Budget of the previous year.

   (c) A progress report on achievement of operational, conservation and other goals contained in the management plan and current year’s Operational Plan.

(ii) Within five months of the end of each year in the grant period, an annual statement of revenues and expenses for such year, in the form contained in the Budget for such year and audited as provided below, and containing an explanation of any significant variations from the Budget.

2. **Disbursement Timing.** Unless otherwise agreed, grants will be disbursed in tranches, over a period of up to three years, generally twice in equal semi-annual tranches on dates to be agreed.

3. **Disbursement Conditions.** Unless otherwise agreed, grant disbursement conditions will include, inter alia, conditions based on the following principles:

   (i) First payment. PONT shall have received: (a) the required reports under 1 (i) above;
   (b) the official budget for the PA conforming to that in the approved Budget;
   (c) the calendar for Ministry funding for the Base/Budget Year;
   (d) the calendar for any funding from other non-PONT sources for the Base/Budget Year;
   (e) confirmation by the Ministry that (x) the Ministry and any other non-PONT sources have funded all amounts scheduled to be funded by them in the Budget for the Base/Budget Year and previous year, and (y) all funds provided by PONT in respect to the previous year have been expended; and
(f) a favourable opinion, on the basis of the information and reports delivered pursuant to this clause (i) and any other matters they deem relevant, by the PONT’s Executive Director or individuals appointed by her/him, on the effective use of PONT funds.

(ii) Second payment, PONT shall have received:

(a) The statement of revenues and expenses of the PA covering the prior year contemplated by 1(ii) above audited by auditors appointed by PONT as provided below and including an audit opinion satisfactory to PONT;

(b) Confirmation that the Ministry and any non-PONT sources have funded all amount scheduled to be funded by them in the Base/Budget Year prior to June 30 and

(c) A favourable opinion on the basis of information and reports delivered pursuant to this clause (ii) and any other matters they deem relevant, by the PONT’s Executive Director or individual appointed by her/him, on the effective use of PONT funds.

4. **Payment mechanics.** There shall be detailed provisions on whether PONT payments are made directly to the individual PA, to a separate account of the Ministry to be used exclusively for receiving and disbursing grants from PONT, or otherwise.

5. **Access.** The PA and the Ministry shall afford reasonable access to PONT representatives (including third parties retained by PONT) to: all relevant financial records of the Ministry and the PA in order to permit PONT to properly audit the annual statements of revenues and expenses of the PA, and (ii) technical, scientific and operational records of the PA in order to evaluate the effective use of funds.

6. **Cooperation.** The PA and the Ministry shall cooperate with: (i) auditors appointed by PONT to audit the accounts of the PA at least annually so that PONT receives audited financial statements of the PA within 5 months of the end of each year, and (ii) any technical advisers that PONT may designate from time to time to evaluate the effectiveness of management, the achievement of the Management Plan and Operational Plan conservation, or operational or other goals, or overall implementation of the Operational Plan or the Management Plan. The audit of the financial statements shall cover all PA revenues and expenditures, including those not financed with PONT funds.

Unless otherwise agreed, the fees and costs of such auditors and technical advisors shall be paid from grant funds supplied by PONT and earmarked for such purpose.

7. **Grant termination.** PONT shall have the right to terminate the Grant Agreement on not less than 6 months’ notice at any time if it determines in its discretion either that: (i) as a result of deteriorations in the capital markets or otherwise it no longer has the means to continue funding the Grant as originally contemplated; (ii) it determines that the Ministry is not pursuing, either in the PA covered by the Grant Agreement, or in PAs in Albania generally, conservation objectives that are consonant with the priority framework to be established by PONT and initially based on studies by MAVA (ASSESSMENT OF PA
8. **Procurement.** There shall be provisions requiring procurement for all items included within Covered Costs for the PAs in accordance with procedures that are consistent with Albanian law and any additional standards reasonably required by PONT. There shall also be provisions on the Ministry’s commitment to duly seek and/or promote with the other relevant state authorities available tax exemptions in relation to the projects covered by the grant from domestic VAT and (for imports of goods or services from outside Albania) custom duties under Albanian law.

9. **Return of Unused/Misused Funds.** The PA of the Ministry shall promptly return to PONT any grant funds that are unspent at the end of the grant period. The equivalent amount of any funds that have been misused or otherwise used for purposes not contemplated by the management plan shall be promptly refunded by the PA or the Ministry to PONT promptly upon the determination of such misuse or such use for other purposes.

10. **Future Ineligibility.** If grant funds are misused or otherwise used for purposes not contemplated in the Grant Agreement, a PA shall be ineligible for further grants of PA for a period to be determined by the Supervisory Board.
Environmental, Social and Health & Safety Compliance

The illustrative list below includes projects or measures that could have a high negative environmental and social impact and that is why they are classified in the categories A or B (in the case that the impact is not so severe and reversible) and are excluded for funding by PONT.

1. Large-scale and significant changes in the use of natural resources (e.g. some other use of the land: as farm land, timberland or pasture, for the rural development, for commercial timber etc.) as well as a large-scale land reclamation.

2. Large-scale and significant changes in the cultivation methods of the agriculture and fishery (e.g. introducing new plants, mechisation on a large scale, introducing new fish species) as well as logging on a great scale.

3. Use of water resources (e.g. big dams and other water-retaining structures, pump storage facilities or power plants, irrigation and drainage porojects, deep wells, water management and management and development of catchment basins, water supply, sea water desalination plants).

4. Infrastructure (e.g. streets, bridges, airports, harbours, transmission lines, pipelines, railway networks, other rail transport, tourism).

5. Energy production (e.g. big wind and solar parks, biomass systems, geothermal facilities, thermal power plants).

6. Industrial activities (e.g. metal smelters, timber processing facilities, chemical factories, cement factories, refineries and petrochemical plants, agricultural industries).

7. Use of geological resources, mining and others (e.g. mines, quarries, peat extraction, oil and gas extraction).

8. Waste and wastewater management and disposal (e.g. wastewater systems and treatment plants, landfill sites, reprocessing plants for household waste and dangerous waste).

9. Projects that can cause the involuntary relocation of a significant part of the population in the region or the loss of their livelihood.

International Finance Corporation (IFC) Project Exclusion List, World Bank Group

The IFC Exclusion List defines the types of projects that IFC does not finance. IFC does not finance the following projects:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.\(^1\)
- Production or trade in alcoholic beverages (excluding beer and wine).\(^1\)
- Production or trade in tobacco.\(^1\)
- Gambling, casinos and equivalent enterprises.\(^1\)
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

A reasonableness test will be applied when the activities of the project company would have a significant development impact but circumstances of the country require adjustment to the Exclusion List.

**All financial intermediaries (FIs),** except those engaged in activities specified below*, must apply the following exclusions, in addition to IFC's Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labor\(^2\)/harmful child labor.\(^3\)
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.

* When investing in **microfinance** activities, FIs will apply the following items in addition to the IFC Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labor\(^2\)/harmful child labor.\(^3\)
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

* **Trade finance projects,** given the nature of the transactions, FIs will apply the following items in addition to the IFC Exclusion List: Production or activities involving harmful or exploitative forms of forced labor\(^2\)/harmful child labor.\(^3\)

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\(^1\) This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

\(^2\) Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

\(^3\) Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.
Currently Effective Grant Allocation Criteria

PAs

Irreplaceability – PAs that contain globally threatened and restricted-range species. The most irreplaceable PAs are those that contain the single most viable population and/or greatest genetic diversity of a target species (i.e., a species classified by IUCN’s Red Book);

Representativity – PAs that serve to ensure there is representation of the full spectrum of endemic species and habitats across the protected area system of the ecoregion;

Urgency – PAs that represent an immediate conservation opportunity and/or are experiencing severe threats to endemic and/or threatened species and their habitats;

Feasibility – PAs that exist within a supportive local and regional context, i.e. that can demonstrate local community support; and

Regional importance – PAs that promote and enhance overall implementation and effectiveness of the priority framework established by PrespaNet.

Environmental Actors - For this grant program the strategy is to support and strengthen locally based Environmental Actors or Environmental Actors with an antenna office in the Focus Area and/or with a main purpose to strengthen local based organisations (e.g. associations on agriculture, fishery, tourism, medicinal plants, etc.).

Thematic Focus - increase the technical and management capacity of local actors, PAs & initiatives fitting within the “Gaps Analysis and Next Steps” priority framework established by PrespaNet (TRANSBOUNDARY PRESPA – REVIEW OF CONSERVATION EFFORTS - A REPORT TO THE PRESPA OHRID NATURE TRUST - DECEMBER 2016) in the Focus Area for the five thematic areas 1) water 2) forest 3) sustainable agriculture 4) priority species 5) landscapes and habitats:

1. Research, studies and experimentation
2. Policy, lobbying, advocacy
3. Real measures (pilot, community-based), awareness raising, capacity building

Feasibility – institutions that have a vision, mandate, proven track record and capacity to work in the Focus Area and who can provide matching funds for co-funding in the long term (initial basis is a set of five “passing criteria” for inclusion i.e. financially transparent, tax registered, adequate membership, currently active and clear track records of conservation work in the Focus Area); and

Regional importance – initiatives that strengthen coordination between authorities with different mandates at various levels incl. transboundary coordination that promote and enhance overall implementation and effectiveness of the priority framework by PrespaNet.